

BEFORE  
THE PUBLIC SERVICE COMMISSION OF  
SOUTH CAROLINA  
DOCKET NO. 2004-357-WS - ORDER NO. 2007-345  
MAY 24, 2007

|        |   |   |                  |
|--------|---|---|------------------|
| IN RE: | Application of Carolina Water Service, Inc. | ) | ORDER GRANTING   |
|        | for Adjustment of Rates and Charges and     | ) | MOTION TO CANCEL |
|        | Modification of Certain Terms and           | ) | BOND ON AN       |
|        | Conditions for the Provision of Water and   | ) | EXPEDITED BASIS  |
|        | Sewer Service.                              | ) |                  |

This matter comes before the Public Service Commission of South Carolina (“Commission”) on the motion of Carolina Water Service, Inc. (“CWS”) that the Commission issue an order finding that CWS is not required to issue a refund related to the rates charged under bond pursuant to S.C. Code Ann. Section 58-5-240(D) (Supp. 2006) and canceling the bond held in the above-captioned matter. CWS also moves that the Commission consider this matter without hearing and on an expedited basis. CWS asserts that the other parties of record do not oppose the instant motion. For the reasons set forth below, the Commission herein grants the Motion of CWS.

On December 17, 2004, CWS filed an application with the Commission for adjustment of its rates and charges and for modification of certain terms and conditions for the provision of water and sewer service. By way of its Order Nos. 2005-328 and 2005-465, the Commission denied CWS the increase in water and sewer rates requested by its application and instead granted a smaller increase. Order No. 2005-465 further authorized CWS to place into effect rates under bond pursuant to S.C. Code Ann. Section

58-5-240(D) (Supp. 2006) in the amount of \$326,808.00. This amount represented twice the annual difference between the sewer revenue which would be generated by the sewer rates approved in Order No. 2005-328 and the sewer revenue the Company would receive if the Commission had authorized rates generating \$1,077,178.

Thereafter, CWS petitioned the Court of Common Pleas in Richland County pursuant to S.C. Code Ann. Section 58-5-340 (Supp. 2006) for judicial review of these orders. During these proceedings, CWS presented a settlement in conjunction with the South Carolina Office of Regulatory Staff which the Court ultimately adopted as its order.<sup>1</sup> This order was issued on November 28, 2006, resulting in partial reversal of Order Nos. 2005-328 and 2005-465 and remand to the Commission. By Order No. 2007-135, dated March 1, 2007, the Commission entered its Order on Remand consistent with the terms of the order of the Court, setting rates sufficient to allow CWS to earn an additional \$1,117,000 in annual revenues.

CWS avers that the annual revenue received from the rates placed into effect under bond pursuant to S.C. Code Ann. Section 58-5-240(D) (Supp. 2006) and Order No. 2005-465 did not exceed the additional revenues ultimately authorized by the Court and by the Commission's Order No. 2007-135. As such, CWS states that it is not required to issue a refund pursuant to S.C. Code Ann. Section 58-5-240(D) (Supp. 2006). Therefore, CWS requests that the Commission release CWS from its obligations to further maintain the bond, authorize CWS to cancel the bond in this matter, and release the surety on the bond from any and all liability in connection with the issuance of the bond.

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<sup>1</sup> Although the Office of Regulatory Staff did not originally oppose the Commission's Order and seek a rehearing, it nevertheless joined CWS in seeking a reversal on appeal.

Upon consideration of the request of CWS for cancellation of the bond authorized pursuant to S.C. Code Ann. Section 58-5-240(D) (Supp. 2006), the Commission makes the following findings of fact and conclusions of law:

1. The annual revenues received by CWS from the rates placed into effect under bond pursuant to S.C. Code Ann. Section 58-5-240(D) (Supp. 2006) and Order No. 2005-465 did not exceed the additional revenues ultimately authorized by the Court and, upon remand, by the Commission's Order No. 2007-135.

2. CWS is not required to issue a refund pursuant to S.C. Code Ann. Section 58-5-240(D) (Supp. 2006).

3. Because the revenue amounts allowed by the Court and the rates authorized by the Commission in Order No. 2007-135 exceeded the revenue derived from the rates implemented under bond, CWS should be released from its obligation to further maintain this bond. Additionally, the Commission finds that CWS should be authorized to cancel the bond, and the surety should be released from any and all liability in this matter.

IT IS THEREFORE ORDERED THAT:

1. The revenue received from the rates charged pursuant to the bond did not exceed the total annual revenues allowed by the Circuit Court and Order No. 2007-135.

2. CWS is not required to issue a refund pursuant to S.C. Code Ann. Section 58-5-240(D) (Supp. 2006).

3. CWS is released from its obligation to further maintain the bond authorized in Order No. 2005-465.

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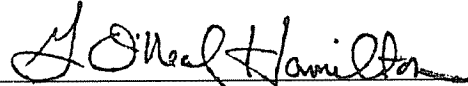
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4. CWS is authorized to cancel the bond held in this matter.

5. The surety for the bond is hereby released from any and all liability in connection with the issuance of this bond.

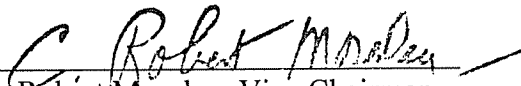
6. This Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:



G. O'Neal Hamilton, Chairman

ATTEST:



C. Robert Moseley, Vice Chairman

(SEAL)